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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EX PARTE

October 7, 1998

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20554

RE: In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45
and Forward-Looking Mechanism for Non-Rural LECs, CC Docket No. 97-160✓

Dear Ms. Salas:

Yesterday, representatives of Sprint Corporation met with Paul Gallant of Commissioner Tristani's office to discuss the above referenced proceedings. The attached materials were covered in the meeting. Representing Sprint Corporation were Jay Keithley, Jim Sichter, Rick Kapka and Pete Sywenki.

Sprint requests that this information be made a part of the record in this matter. Four copies of this letter, in accordance with Section 11206(a)(1), are provided for this purpose. If you have any questions, please feel free to call

Sincerely,

Melinda L. Mills

Attachment

cc: Paul Gallant

SPRINT USF/ACCESS REFORM EX PARTE

1. *Implicit subsidies must be eliminated.*

-Required by the Telecom Act

-Essential to the development of widespread local competition, especially residential

2. *The national Universal Service Fund should be funded through surcharges on total (state and interstate) retail revenues.*

-An additional consumer benefit and offset to the surcharge would be continued long distance price reductions in excess of access cost reductions

3. *Given the Commission's direction in access reform, it may not be necessary to utilize Universal Service funding to reduce interstate access rates.*

-Interstate access subsidies should be eliminated by the combination of:

--transitioning rates to TELRIC levels (through, e.g., the productivity factor)

--recovery of NTS costs through flat rate charges to end users

-The Commission should initiate a proceeding to determine TELRIC costs for interstate access now, instead of waiting until 2001.

4. *It may be more appropriate to offset new Universal Service funding against reductions in intrastate access subsidies, where intrastate access charges exceed interstate access charges.*

-The national USF fund should not be used to eliminate all intrastate subsidies

-States with inordinately low local rates should be given incentives to rebalance rates